

Service Date: March 12, 1985

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

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IN THE MATTER Of The Application Of	)	UTILITY DIVISION
MONTANA-DAKOTA UTILITIES, INC. For	)	DOCKET NOS. 83.10.74
Authority To Implement The Gas Cost	)	84.5.21
Tracking Procedure to Establish	)	84.9.60
Increased Rates For Gas Service.	)	84.10.67
_____	)	ORDER NO. 5102a

APPEARANCES

FOR THE APPLICANT:

Douglas W. Schulz, Attorney, Montana-Dakota Utilities Company, 400 North Fourth Street,  
Bismarck, North Dakota 58501

John Alke, Hughes, Kellner, Sullivan & Alke, Attorneys at Law, 406 Fuller Avenue, Helena,  
Montana 59620

FOR THE MONTANA CONSUMER COUNSEL:

John C. Allen, Staff Attorney, 34 West Sixth Avenue, Helena, Montana 59620

FOR THE COMMISSION:

Robert A. Nelson, Staff Attorney, 2701 Prospect Avenue, Helena, Montana 59620

BEFORE:

THOMAS J. SCHNEIDER, Chairman  
JOHN B. DRISCOLL, Commissioner  
DANNY OBERG, Commissioner  
HOWARD L. ELLIS, Commissioner

FINDINGS OF FACT

1) In Docket Nos. 83.10.74, 84.5.21, and 84.10.67, Montana-Dakota Utilities Company (MDU, Company or Applicant) filed with the Montana Public Service Commission (Commission or PSC) its biannual applications to implement the Gas Cost Tracking Procedure as set forth in MDU Tariff Sheets 87-M and 88-M. Docket No. 84.9.60 represents a stipulated settlement agreement (Settlement) between MDU, the Commission, and Montana Consumer Counsel (MCC) concerning the gas cost tracking procedure and accumulated unreflected gas cost balance.

2) Included with the filings in Docket Nos. 83.10.74, 84.5.21, and 84.10.67 were applications to increase rates on an interim basis. The Commission granted the Company interim rate increases in each Docket with Interim Order Nos. 5039, 5087, and 5102 respectively.

3) On October 1, 1984, MDU, the Commission, and MCC entered into a stipulated settlement agreement (Docket No. 84.9.60) which detailed the handling of the aforementioned tracking Dockets. The settlement called for final approval of the rates as applied for in Docket No. 83.10.74 and brought into effect under the injunction order issued by Federal District Court Judge Battin in MDU vs PSC and MCC, Cause No. CV 84-13-H.

4) The Settlement also called for final approval of the rates applied for in Docket No. 84.5.21, as modified by the Settlement itself.

5) The Settlement required MDU to file its fall application to implement the semi-annual gas tracking adjustment on or before October 22, 1984, such adjustment containing only the current gas cost adjustment per the Settlement. The Settlement called for final approval of the rates as applied for in said filing. Accordingly, MDU filed its fall tracker in Docket No. 84.10.67 on October 22, 1984.

6) A hearing was held on these matters in Billings, Montana, on November 14, 1984. A hearing was also held in Docket No. 83.10.74 on January 27, 1984, in Miles City, Montana.

7) Pursuant to the terms of the Settlement, the Commission finds the final approval of the rates as applied for by MDU in Docket Nos. 83.10.74, 84.5.21 (as modified by the Settlement), and 84.10.67 to be proper. The Commission notes that final approval of the proper rates associated with these three tracker Dockets will not raise rates because all of the respective rate changes are already in effect.

8) In granting final approval to the proper rates in the three tracker dockets, the Commission gives final approval of the Settlement in Docket No. 84.9.60 with one necessary adjustment. The Settlement provides, inter alia, a two year amortization of unreflected gas costs of \$11,141, 055 (page 4 of Settlement in Docket No. 84.9.60). The unit amortization was determined to be .381 \$ per Mcf (page 5 of Settlement in Docket No. 84.9.60). The Settlement surcharge should be converted to an equivalent pressure basis to be consistent with all the other rates making up MDU's various tariffs. Not to reflect the differences in delivered pressure effectively charges each class of customers a different price without justification. Using the same projected two-year market at 14.73 PSIA as was done originally to calculate the proper surcharge in the Settlement results in a unit amortization of .408 \$ per Mcf. Adjusting for pressure and the Rate 60 seasonal differential produces the following surcharge per rate schedule:

	<u>Surcharge</u>
Rate 60	
Winter-First 15 Mcf@	\$ .355
All Other Mcf @	.406
Rate 70	.375
Rate 71	.375
Rate 85	.408

The Commission finds the above surcharge rates to be proper in giving final approval to the Settlement in Docket No. 84.9.60.

9) In slightly modifying the surcharge associated with the Settlement in Docket No. 84.9.60, the Commission finds that MDU should implement the charge concurrently with tariff charges approved in Docket No. 84.8.44.

#### CONCLUSIONS OF LAW

1. Applicant, Montana-Dakota Utilities Company, is a corporation providing service within the State of Montana and as such is a "public utility" within the meaning of Section 69-3-101, MCA.

2. The Montana Public Service Commission properly exercises jurisdiction over the Applicant's Montana operations pursuant to Title 69, Chapter 3, MCA.

3. The rates and charges authorized herein are just, reasonable and not discriminatory.

#### ORDER

1) The Commission gives final approval to the rates as applied for in Docket Nos. 83.10.74 and 84.10.67. The Commission gives final approval to the rates in Docket No. 84.5.21 as approved in Interim Order No. 5087, subject to the Stipulated Settlement Agreement in Docket No. 84.9.60. Such final approval of the proper rates in these Dockets causes no change in currently existing tariff rates.

2) The Commission gives final approval to the Settlement in Docket No. 84.9.60 as modified by the slight change in the surcharge tariff rates discussed in Finding of Fact Paragraph Nos. 8 and 9 herein. This adjustment shall be implemented as specified in Finding of Fact No. 9.

3) The Commission, in granting final approval of the proper rates in the aforementioned Dockets, finds a waiver of the provisions of Rate 88 to be proper so that the agreed upon proposal is to be used.

DONE IN OPEN SESSION this 11th day of March, 1985 by a vote of 4 - 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

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HOWARD L. ELLIS, Commissioner

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JOHN B. DRISCOLL, Commissioner

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DANNY OBERG, Commissioner

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TOM MONAHAN, Commissioner

ATTEST:

Trenna Scofield  
Commission Secretary

(SEAL)

You may be entitled to judicial review in this matter. Judicial review may be obtained by filing a petition for order. Section 2-4-702, MCA.